1:Indiana U. S-4, 5(no date)1955 EO1 Finland EO1

Annex "A," Subparagraph 3d,

Economic Background

BANKING AND CURRENCY SYSTEM

●652 The State Bank, the Bank of Finland, has operated since 1868 under the guarantee and supervision of the Finnish Diet. Its main functions are to issue notes and to carry on banking operations. This central bank does not accept deposits bearing interest, but public departments and private banks, on the other hand, deposit their cash surplus on current account with the bank. Borrowers from the Bank of Finland normally include only high-class commercial enterprises and Joint Stock Banks. The capital of the bank was at the end of 1945 1,250 million marks and the reserve fund amounted to 1,296.9 million marks. Half of the annual profit is to be transferred on balance to the Reserve Fund,

652 and the Parliament decides on the use of the remaining profit.

453 In 1945 there existed in Finland only seven Joint Stock Banks, each with an extensive network of branch offices. The joint capital of these banks must be at least 10 million marks, and at least 15 per cent of the profits are annually transferred to the Reserve Bank. The most important joint stock banks are Kansallis-Osake-Pankki, Pohjoismaiden Yhdyspankki (Nordiska Foreningsbanken) and Helsingin Osakepankki (Helsingfors Aktiebank).

There existed in 1945 five mortgage banks, of which two assume agricultural mortgages, two deal in town house property and one in industrial undertakings. The three largest Joint Stock Banks have their own mortgage departments.

000 The first Savings Bank was founded in 1823.